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NATIONAL INTELLIGENCE DAILY CABLE

Tuesday March 29, 1977 CG NIDC 77-072C



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NATIONAL SECURITY INFORMATION
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Top Secret

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State Dept. review completed

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Approved For Release 2007/03/06 : CIA-RDP79T00975A029900010050-5

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National Intelligence Daily Cable for Tuesday, March 29, 1977.

The NID Cable is for the purpose of informing senior US officials.

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ZAIRE: Situation Report

25X1 [] //The US embassy in Kinshasa has forwarded a gloomy assessment of the options available to President Mobutu. The embassy concludes that he will request troops from Egypt and Morocco as quickly as possible as his "best if uncertain hope" of remaining in power.//

25X1 [] //The embassy views with reservation the reports that Egypt and Morocco have agreed to send troops if the situation continues to deteriorate. The embassy apparently believes that Mobutu regards the offers as his best option, because without foreign troops his chances of reversing the military situation or forging a political settlement are slim.//

25X1 [] //The embassy believes that Mobutu has decided that recruiting foreign troops is preferable to a political settlement negotiated from his position of growing weakness. Hiring European mercenaries, however, raises the possibility of widespread African denunciation, the cessation of Nigerian mediation efforts, and a corresponding escalation of the military effort from Angola.//

25X1 [] //Egyptian and Moroccan troops, if available, presumably would not offer those disadvantages. It would appear, however, that Egypt and Morocco would have more to lose than to gain by sending troops.//

25X1 [] //The embassy believes that even with foreign support Mobutu will have to concede substantial autonomy to Shaba, under Katangan control, in exchange for a settlement. Under those circumstances it would be extremely difficult for him to retain authority elsewhere in Zaire. He might well be forced to resign or to concede substantial authority by appointing a prime minister.//

25X1 [] //To refuse a settlement with the Katangans in favor of an all-out, foreign-led counteroffensive probably would result in wholesale destruction of the country's mining operations and a costly, open-ended insurgency that would lead to Mobutu's overthrow by the army. The embassy believes, however, that Mobutu is leaning in this direction.//

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[] //Zairian troops were said to be fleeing eastward following scattered fighting yesterday around Kayembe. Although two more battalions from the Kinshasa area reportedly were scheduled to be airlifted to Shaba yesterday, the Zairian military's main concern now appears to be finding units that will fight. Reports of the recent fighting around Mutshatsha indicated that Zairian units again offered only token resistance.//

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FRANCE: Cabinet Change

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[] A major cabinet change is under way in France. Prime Minister Barre, who yesterday submitted his resignation along with that of his government, has been asked to form a new and apolitical cabinet that will lead the governing coalition into the general election next spring. Ministers who were defeated in the recent nationwide municipal elections--which showed strong leftist gains--are likely to be dropped from the new cabinet, which will be announced today.

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[] President Giscard has blamed friction among the governing coalition of Gaullists, Independent Republicans and centrists for the government's poor showing in the municipal elections. His tactic is apparently to try to free the government from party politics as much as possible. He has said that the members of his new and streamlined cabinet would be chosen for ability, "not politics."

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[] Giscard is scheduled to meet today with Gaullist leader Jacques Chirac and other prominent political personalities. []

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WESTERN EUROPE: Social Democrats Meet

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[] Social Democratic leaders from northern Europe--including West German Chancellor Schmidt, British Prime Minister Callaghan, and French Socialist party leader Mitterrand--are scheduled to meet in Oslo later this week primarily to discuss economic issues.

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[] Schmidt and Mitterrand are likely to use this occasion to begin bilateral talks, and additional meetings may be held later in Bonn.

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[] The West Germans are anxious to increase contacts with the French Socialists because they believe a left-wing victory in the French legislative election next year is possible. Schmidt, who in the past has made no secret of his distaste for Mitterrand, is aware of the importance of good relations with France. []

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SOUTH AFRICA: Growing Uranium Supplier

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[] South Africa--already the third largest uranium producer in the West with 12 percent of output--plans to become a major supplier of enriched nuclear fuel by 1986. Neighboring Namibia--with about 5 percent of the West's proved reserves--could also rank as a major supplier by the 1980s.

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[] The South African uranium industry now is concentrated in the Transvaal and Orange Free State goldfields. All the uranium produced is leached from gold mine tailings. The four largest firms--the Anglo-American Corporation of South Africa, Anglo-Transvaal Consolidated, New Consolidated Gold Fields, and Rand Mines--produce almost half of South Africa's output.

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[] South Africa hopes it can increase uranium sales during the coming decade and intends to export most of the product as enriched fuel. To boost output South Africa will have to develop new mines devoted primarily to uranium production. Geological studies made in conjunction with oil exploration indicate that reserves are probably adequate to support higher output.

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[] Deposits located in a geological formation running hundreds of kilometers south of the Free State goldfields could double the current reserves of 350,000 tons of uranium metal

recoverable at \$30 per pound or less. Ore grade will probably be low, but the deposits can be mined profitably by large-scale operations similar to those being developed in Namibia.

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[] Concentration plant capacity must also be increased if South Africa is to meet its sales target. The International Atomic Energy Agency has already indicated that South Africa can boost processing from the present 2,600 tons of uranium metal concentrate per year to 13,000 tons by 1985.

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[] By 1986, South Africa expects to complete an enrichment facility that could handle most of its uranium output so it can export more valuable enriched fuel. The government will build an enrichment plant that may eventually have a capacity of 5 million separative work units. Such a plant could handle about 7,000 tons of concentrate at full capacity. The plant is still in the design stage and some technical problems with the unique enrichment process have yet to be worked out.

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[] //South Africa must, however, guard against over-extending itself. Finding uranium buyers could prove difficult. Since the late 1960s, when the US ceased buying for its strategic stockpile, South African exporters have not been able to market all their output. About 5 percent of processing capacity is now idle, and the Nuclear Fuels Corporation--the private, jointly owned marketing organization--has been forced to stockpile 25 percent of output.//

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[] //Large European enrichment facilities will be offering stiff competition by 1985. The South African government is already considering holding the capacity of its enrichment facility to 3 million separative work units. The mining firms could decide to import Namibian uranium that they are developing rather than expand domestic mine capacity.//

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[] Namibia could also become a major exporter of uranium. The deposits west of Karibib hold between 100,000 and 200,000 tons of uranium metal. Current output is low because facilities are not complete, and exploitation of the huge Rossing deposit--perhaps the world's largest--has just begun. South African interests are building the world's largest concentrating plant to handle 40,000 tons of ore daily and yield 5,000 tons of uranium concentrate annually. It may take a decade to reach full capacity.

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25X1 [] //The pace of development in Namibia will depend
on demand. Development may become tied to South African pro-
duction because the Namibian industry is dominated by large
South African conglomerates--General Mining and Finance, Jo-
hannesburg Consolidated Investment, and the Anglo-American Cor-
poration of South Africa--together with Rio Tinto of Great
25X1 Britain.// []

USSR: River Diversion

25X1 [] Plans for diverting water from several northward-flow-
ing Soviet rivers have been debated in the USSR for many years.
The current five-year plan states that Moscow intends to conduct
scientific research on "shifting a part of the flow of the
northern and Siberian rivers" to the Volga Basin, Kazakhstan,
and Central Asia.

25X1 [] While the Soviets probably intend to implement the
scheme for the Siberian rivers, they still are trying to choose
among several variants of a plan. A final decision is unlikely
much before 1980, and Soviet officials have estimated--probably
optimistically--that it would take 10 to 12 years to complete
the Siberian project once construction begins.

25X1 [] The Soviets need to divert water southward in order
to increase the amount of water available for irrigation in po-
tentially productive agricultural areas; this would help stabi-
lize grain production. Additional benefits would include in-
creased water for generation of electricity, more reliable mu-
nicipal and industrial water supply and waste disposal, greater
navigation potential, and stabilization of the levels of the
Caspian and Aral seas. The diversion would also facilitate eco-
nomic development in parts of the northern regions.

25X1 [] Two leading Soviet specialists have calculated the
water deficit in the southern regions of the USSR to be about
45 to 50 cubic kilometers annually and expect it to reach 180
cubic kilometers by the turn of the century. Another Soviet
study estimates that the annual shortfall could reach 600 cubic
kilometers by the year 2000. The Soviets probably plan to di-
vert no more than 100 cubic kilometers annually from the Ob and
Yenisei rivers and another 40 from the Vychegda and Pechora
rivers.

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[] Even after water is available from the diversion scheme, the Soviets will still have a water deficit. They will have to make it up through technical improvements in water use, improved flow regulation, intra-basin transfers and greater use of ground water.

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[] The cost of the river diversion projects would be great, particularly for the Siberian portion. One Soviet estimate puts the cost of the Aral Sea portion of the project alone at 8 billion rubles, with an expected annual return of 1.3 to 1.5 billion rubles in increased agricultural output. Additionally, the demand for construction equipment for this project could have a serious impact on the overall Soviet construction effort. Ecological disruptions and flooding of agricultural and forested lands may occur, adding to the cost.

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[] The Soviets have not yet considered in depth the possibility of climatic change. It seems likely that a project of any appreciable scale involving river diversion would have some effect on local climate. The projects now being discussed could have more widespread effects.

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[] It would be expected that reducing the flow of relatively warm river water into the Arctic Ocean could result in an increase in the Arctic icepack. According to a Soviet study that considered only the heat transfer, diversion of even as much as 20 percent of the annual flow into the Arctic Ocean would have no effect on the icepack. A US study that considered the effect on Arctic Ocean salinity of totally diverting the Ob and Yenisei rivers concluded, however, that it could result in prolonging the summer ice-free conditions over a large area of the Arctic Ocean. This probably would moderate the Soviet climate and, on the surface, would seem to be advantageous for agriculture.

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[] A leading Soviet climatologist has warned that such a climatic warming could cause serious drought conditions over the agricultural regions of the USSR. Both the Soviet and US studies examine extreme situations in which more water is diverted than envisioned by the Soviet plan.

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[] The US study also raises the possibility that Soviet studies might overlook factors, such as salinity, that could be important. The chances of such deficiencies in Soviet studies are greater because computer restraints force Soviet climatologists to keep their models as simple as possible. []

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PHILIPPINES: Muslim Negotiations

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[REDACTED] The broad outlines of the agreement worked out with Libyan President Qadhafi were disclosed in a March 26 presidential proclamation. Specific details have not been disclosed. A referendum to determine the precise administrative makeup of the 13 individual provinces is still set for April 17. Marcos has scheduled a press conference for today and plans to take "phone in" questions on the terms of the settlement.

[REDACTED] It is apparent from Marcos' remarks that he wants to ensure a good public record in case of renewed hostilities between the Muslim insurgents and government forces in the south.

[REDACTED] Marcos has gone to some lengths to advance his credentials as a third world leader, especially with neighboring Muslim governments that are members of the Association of South East Asian nations. He probably hopes at least to forestall any resumption of the conflict before the next meeting of the Islamic Conference in Benghazi in May or June. [REDACTED]

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